*Behind That Silly "Surrender" Debate, P. 3*

**We Risk War to Defend the Oil Companies But They Go On Evading Taxes. See Page 2**

# I. F. Stone's Weekly

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# If Only Orval Faubus Could Complain to the UN

*United Nations, N. Y., Wed. A. M.*

Amid the prolix soliloquys which seem to constitute a General Assembly debate, the Little Rock decision by the Eighth Circuit in St. Louis came like lightning in a darkening sky. While the Court spoke bravely, we have reached that unhappy stage in which we can no longer assume that court orders will be obeyed. It will be harder this year than last to control a mob led by a Governor overwhelmingly re-elected for defying the law. The honor of our country will depend on whether a few colored children can be persuaded to venture out again this year into the storm.

Here at the UN we know how susceptible the backward peoples of underdeveloped areas are to violent demagogy. (Perhaps a Mississippi River development plan?) One can imagine what the leaders of the South would be saying in the General Assembly if theirs were an independent nation. Just as Mr. Dulles sees the hand of Moscow at work through Cairo in Jordan and the Lebanon, so Senator Eastland and Governor Faubus see the hand of Moscow at work through Washington below the poorly patrolled Mason-Dixon line. Everyone knows how happy, contented and carefree our *Nigras* were until those outside agitators began working on them. It is, plainly, indirect aggression. Maybe Mr. Hammarskjold should go South and observe those NAACP agents slipping across the border.

## Ike Had The Summit to Himself

The President's appearance at the opening of this special session must be regarded as a success. He seems to have been thoroughly rehearsed and read his speech well, stumbling only over a few words. The speech itself will not enrich the anthologies but was at least competent copy. The content was not pure Dulles but a compromise which combined the Secretary's high spiritual views (the passage, for example, which admonished the pauperishly poor Arabs that "material progress should not be an overriding objective in itself") with a watered down compote of all the constructive plans of the past decade for the Middle East, carefully generalized, skirting all controversial issues (the Suez was omitted from the list of postwar crises) and managing not to mention Israel. While independent voices from Ottawa to New Delhi have been calling for neutralization and an arms embargo by the great powers, Mr. Eisenhower thought that "perhaps the nations involved in the 1948 hostilities may . . . wish to call for a United Nations study of the flow of heavy armaments to those nations." We can just hear Ben Gurion and Nasser seizing on such a study to complain that they aren't getting *enough* arms. But Mr. Eisenhower had the summit all to himself there on the lofty podium in the high modernistic Assembly chamber with no need to fear that Mr. Krushchev might pop up with one of those infernal peasant proverbs. He spoke without interruption and at the end, as the *World-Telegram* reported, there was "almost 30 seconds of applause."

## That Fulsome Occidental Flattery

Though this was supposed to be a fire-alarm session, the Assembly opened in the festive atmosphere of an important first night, with the added excitement that here everyone—including the VIP newspapermen—feel themselves participants as well as audience. For a multi-national gathering, the delegates (except for one bearded Sikh) all looked terribly alike in sack suits. Sartorially, at least, it's becoming one world. Junior diplomats skirted about the floor firmly holding onto their brief cases with the air of men bent on top drawer missions in accordance with top secret instructions, perhaps to get their Foreign Minister two on the aisle. But after the opening day, attendance fell off as the speeches droned on. The chief feature of this session seems to be the fulsome Occidental flattery with which everybody from Ike on showered Arab nationalism. Franco's delegate went so far as to make it sound as if Spain were practically an Arab country, too, from which Ferdinand and Isabella were fortunately expelled by the noble Moors. One expected Abba Eban to ascend the podium in a *khaffiyeh* with an oration on the glories of Saladin when all good Zionists wrote in Arabic. Everybody was as flattering as a Beirut rug salesman who has found him a well-heeled prospect who doesn't know from burlap But there was no sign that the Arabs were buying anything.

## From Militarism to Mysticism

The best, the most humane speech was that of Ireland's Mr. Aiken who sketched out an international plan for the resettlement of the Arab refugees as basis for Arab-Israeli peace and Mid-Eastern stability. But few heard him. The chief activity behind scenes as we write is the effort to phrase a resolution so vague that it can gain a two-thirds vote for some kind of face-saving UN intervention in Jordan to get the U. S. and the United Kingdom off the hook. Even the Soviet Union is now ready for UN observation if only it will observe the withdrawal of Anglo-American troops. But the Latin Americans don't want observation to shade off into intervention, a bad word below the Rio Grande, and so the negotiators are speaking mystically of arranging for a UN "Presence" in Jordan which Hussein—who doesn't believe in transubstantiation—has already said he will reject. But the delegates are anxious to hurry off and rest up for the next Mid-East crisis which could be soon.



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**Most of Press Blacks Out Senate Debate on the Tax Loopholes Of The Oil Barons**

# We're Ready for War to Defend Them While They Dodge Their Taxes

In the midst of a war crisis over oil, the Senate spent a major part of one day's session debating the extraordinary tax privileges enjoyed by the oil companies, especially those operating in the Middle East, but we didn't see a line about it next day in the *New York Times*. No less than 50 pages of the Congressional Record for August 11 were filled by the debate, but it wasn't news fit to print.

This was the second occasion in many years on which progressive Senators have succeeded in forcing a roll call vote on a proposal to reduce the oil industry's notorious 27½ percent depletion allowance. The first vote was in 1951 on a measure by Humphrey (*D. Minn.*) to reduce the allowance to 15 percent. This was defeated 71 to 9. But this time a tax amendment by Williams (*D. Del.*) for a reduction to 15 percent mustered 26 votes while a graduated cut proposed by Proxmire (*D. Wis.*) won 31 votes against 58.

## Only 14 Votes More

Thus we have reached a point where a shift of 14 votes would begin to close the enormous loopholes which make the oil industry America's foremost avenue of tax evasion. A memorandum put into the Congressional Record by Douglas (*D. Ill.*) at page 15,551 estimates that these loopholes add up to a $13 billion dollar annual subsidy for the industry. The 27½ percent depletion allowance is the best known but not the worst. Among the others is a tax loophole which allows the oil industry (unlike most others) to convert net income into capital gains by fictitious sales from individual owners to their own corporations and a provision which allows the oil industry to write off intangible development costs against net income.

**"Drilling for oil," says this memorandum by Dr. Paul Haber, "is like playing dice with the Treasury, 'Heads I win, tails you lose', with the Treasury always on the losing end. As a matter of fact, high tax rates are a boon to the crude oil industry rather than a burden, because the higher the rate of tax the lower the net cost (the after-tax cost) of the drilling operation. This explains why the American Petroleum Institute, does not support the National Association of Manufacturers in its fight to reduce the top tax bracket from 90 percent to 40 percent."**

## Everybody's Turning "Oil Man"

One result of this happy situation is that many wealthy men use investments in oil as a means of evading taxes on their other business ventures. Since development costs may be used as an offset against income from all sources, this enables them to reduce or eliminate their taxable income while building up their capital assets.

The depletion allowance was originally what its name implies—an allowance, analogous to depreciation, intended to protect the investor against actual depletion. Originally it was 5 percent and the allowance was nullified after full costs of the operation had been recovered by the taxpayer. But in 1926, Andrew Mellon's heyday at the Treasury, it was raised to 27½ percent and made perpetual, i.e. the oil investor keeps on getting a 27½ percent depletion allowance as a percentage of gross income long after he has recovered his original capital investment.

As a result of these tax gimmicks, average corporate income taxes for oil run about 24 percent of net as compared with a general corporate tax rate of 52 percent. The bigger the oil company, the lower its net rate tends to be.

## Aramco the Biggest Offender

The worst offender is the very company the U. S. is prepared to plunge into war to defend: Aramco, the Arabian American Oil Company. Carroll (*D. Col.*) recalled that Senate anti-trust hearings last year showed that Aramco had thought up a new multi-million dollar gimmick. It arranged to disguise a higher royalty for Ibn Saud as a wholly deductible foreign tax. The U. S. Treasury thus pays the royalty. (Readers may remember our exclusive sensational issue on this last year). Carroll showed that in 1955 when Aramco earned $724 million dollars it managed to end the year with a $14 million tax credit.

**Morse (D. Ore.) suggested that the U.S. by treaty with Saudi Arabia "should specify" the taxes its King can impose to prevent "the kind of subterfuges in which Aramco and the Kings of Arabia are engaging with the result that American taxpayers are being cheated out of millions of dollars of taxes by Aramco." Aramco's depletion allowance in 1955 was $192 millions.**

Proxmire proposed to allow the 27½ percent depletion only to oil operators with a gross income of less than $1,000,000, cutting it to 21 percent for those under $5,000,000 and to 15 percent for those over that amount. Williams demanded a flat reduction to 15 percent, protesting (in the Senatorial understatement of the year), "anyone with an income of $1,000,000 per year can afford to pay taxes."

## Could Finance the Education Bill

Since most of the depletion allowance goes to big companies, the difference in revenue would be small. The Treasury would net an additional $325 millions under the Williams amendment, $310 millions under the Proxmire amendment. Proxmire compared this with the $244,300,000 needed for the National Defense Education Act on which the Senate was soon to vote.

Nine Republicans voted for the Proxmire amendment—Aiken (*Vt.*), Case (*N. J.*), Javits (*N. Y.*), Langer (*N. D.*), Potter (*Mich.*), Purtell (*Conn.*), Smith (*Me.*), Thye (*Minn.*), and Wiley (*Wis.*)—and Payne (*Me.*) was recorded for it.

The 22 Democrats who voted for the Proxmire amendment were Carroll (*Col.*), Church (*Ida.*), Clark (*Penna.*), Douglas (*Ill.*), Ervin (*N. C.*), Gore (*Tenn.*), Green (*R. I.*), Humphrey (*Minn.*), Jackson (*Wash.*), Jordan (*N. C.*), Kennedy (*Mass.*), Lausche (*Ohio*), Magnuson (*Wash.*), Mansfield (*Mont.*), McNamara (*Mich.*), Morse (*Ore.*), Neuberger (*Ore.*), O'Mahoney (*Wyo.*), Pastore (*R. I.*), Proxmire (*Wis.*), Symington (*Mo.*), and Williams (*Del.*). In addition Hennings (*Mo.*) and Kefauver (*Tenn.*) recorded the fact that they would have voted for it if present.

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**Limited Wars Require Limited Aims—"Unconditional Surrender" Means Nuclear Suicide**

# Serious Questions Behind That Silly Senate Debate Over Surrender

As often happens, late in a hot, weary and prolonged session, Congress has been in a morbid mood. The day before the Senate unexpectedly burst into a debate on the question of surrender, a Jesuit Father, the Rev. Herbert J. Clancy, professor of American history, Le Moyne College, Syracuse, N. Y., opened that day's session of the House of Representatives with a far from cheerful prayer. "Dear Heavenly Father," he asked. "May this House by its words and deeds make clear to our enemies that America will never be intimidated. . . . In our Judaic-Christian concept, dignity and freedom take precedence over mere biological survival." Apparently suicide is not a sin when committed wholesale.

Like Father Clancy, our Senators, though mostly large and comfortable men, not given to missing any meals, are dead-set against what he termed "mere biological survival." They stood up and were counted 88 to 2 on an amendment by Russell of Georgia forbidding payment for any surrender studies or for the salary of any official who even proposes to enter into contracts "for the making of studies or plans for the surrender by the Government of the United States . . . to any foreign power under any circumstances."

## A Menace Closer Than The Kremlin

In offering the amendment, the senior Senator from Georgia was gloomy—it was one of those hyper-humid Washington August days—about another menace with which he feels himself already at war. "Some may contend," he said, "that this amendment is illegal and will be stricken down by the courts. In the light of the decisions of the majority of the Supreme Court limiting and hampering and striking down laws passed by Congress to ferret out and punish those who advocate the overthrow of our Government by force and violence, it is entirely likely that a majority of the court may void this provision of law. It is possible even," he added darkly, "that Members of the Senate who so vigorously defend and espouse decisions such as the Nelson case would likewise applaud such a decision if it should be made by the Supreme Court." One half expected to hear that some official had been suggesting a non-segregated surrender.

The squall which blew up in the Senate on Thursday, August 14, had its origin in an article published in the *St. Louis Post-Dispatch* on August 5 and put into the Congressional Record on August 8. When Capehart of Indiana and Dirksen of Illinois, both Republicans, urged that Senator Russell may have misread the article, he was able to offer a conclusive rebuttal. "Mr. President," he declared indignantly, "I have not read the article. I did not know it was in existence. I stated at the outset of my remarks that this amendment grew out of a statement I heard on the radio that these studies were in progress. . . . I am not prepared to debate a statement by a gentleman whom I have never met [and] that I have not yet had the privilege of reading."

## All Equally Objective

The course of the debate indicated that the whole Senate was operating on that same high level of impassioned objectivity. Few seemed to have noticed the newspaper article which started the trouble. Nobody seemed to have read the so-called "surrender studies" to which the *St. Louis Post-Dispatch* referred. But everyone (even Senators Cooper of Kentucky and Neuberger of Oregon, the two intrepid "nay" votes against the Russell amendment) was against them. No one disagreed when Thye of Minnesota said the American people were "willing to fight and yes, to die, if need be, rather than to surrender to what seems to be communistic philosophy and ideology, which are atheistic in every sense." There was no disagreement when Russell came up with a clincher. "Mr. President," he declared, "the Founding Fathers who wrote the Constitution did not include in it any provision about surrender." Thus surrender was demonstrably contrary to constitutional law as well as to theology.

## Who'll Surrender, and How?

In the excitement, the actual issues escaped attention. The headlines on the *St. Louis Post-Dispatch* article distorted the content of the article, as the article itself distorted the studies it purported to discuss. The headlines implied that the Pentagon was studying "When the U. S. Should Surrender in an All-Out Nuclear Attack." The writer had put together bits from three "studies." One was a Johns Hopkins University study for the Army which estimated that an all-out nuclear attack on this country would kill from 15 million to 90 million people. Then "the director of another scientific agency told the *Post-Dispatch* that their studies cast doubt on the ability of the U. S. to survive and to continue to fight after an attack in which 40 million were killed." Both these sources were discussing survival, not surrender. Indeed how does a nation subjected to all-out nuclear attack surrender? By telephone or telegraph, when there are no communications? Who gives the order? Who transmits it? How is it made known? Masses of wounded, hysterical, hungry people will be dying of fallout on both sides. War on this scale is no Napoleonic pageant in which one general at the end hands over his sword to another.

## Why the U. S. Air Force Was Interested

This is the reality with which the third study cited by the *St. Louis Post-Dispatch* attempts to deal. It is a book called Strategic Surrender by a writer named Paul Kecskemeti. It is a Rand Corporation research study for the Air Force. What it really tries to do is to answer some questions which have been made familiar by current talk of limited war. If unlimited war means mutual suicide, if we are to try and keep wars limited, then they can no longer be fought for unlimited aims. To fight for unconditional surrender means to fight an all-out war but this "involves the risk of self-extermination." It is, as that author suggests "not strategy but lunacy." Limited wars require limited surrenders, limited objectives, compromise solutions. Kecskemeti concludes that to make this possible, "We shall have to revise some of our deeply rooted traditional attitudes, such as our rejection of compromise and our faith in extreme ideal solutions."

But this means co-existence even after a war. If we must co-exist anyway, why not try and negotiate differences without war? Surely these questions were worth less hysterical discussion than an overwrought Senate gave them?



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**Congress More Tender With Corruptionists Than With Rights Crusaders**

# Pennsylvania's First Negro Congressman Votes "No" on Braden Contempt

Robert C. Nix (*D. Pa.*), elected to Congress June 4 from the 4th Congressional District, Philadelphia, the first Negro Congressman from Pennsylvania, had the honor of being the one "No" vote in the 365-1 roll call approving the contempt citation of Carl Braden, the white Louisville, Ky., newspaperman who got into trouble for helping a Negro family buy a house in a white neighborhood. Of the three other Negro members of the House of Representatives, Diggs of Michigan answered "present" while Dawson of Illinois and Powell of New York were recorded as "not voting." O'Hara of Illinois changed his vote from "yea" to "present" but no other white liberal even went that far. The contempt citation of Frank Wilkinson, like Braden's a result of the recent Atlanta hearings by the House Un-American Activities Committee, was approved without a roll-call and in rubber-stamp silence. But there were eight "nays" and four "presents" and considerable debate a few minutes earlier when the Bernard Goldfine contempt citation was approved by the House which is more tender with corruptionists than crusaders for civil liberties and Negro rights. Incidentally, Goldfine may win in the courts because he did swear that the cash withdrawals he refused to explain did not go to any government officials. If the Harris subcommittee disbelieves him, a perjury prosecution not a contempt proceeding was the proper remedy.

## New Check on Contempt Abuses

One useful byproduct of the debate over the Goldfine contempt citation was the introduction by Curtis (*R. Mo.*)—one of the eight who voted "no"—of a bill providing that in the future all proposed contempt citations be referred to the House Judiciary Committee for study, recommendation and report before being acted on by the House. Curtis said the failure of the Hous thoroughly to consider contempt citations had led to such judicial reprimands as those in the Watkins and Miller cases. Curtis complained that at present it is possible for any committee to present a contempt citation "under a rule limiting debate where only one point of view is presented, and to secure House action on such a serious matter without a full inquiry into all of the facts." Curtis asked, "Is the citing committee an appropriate judge of its alleged abuse and disregard of the rights of the individual witness? I submit that it is not." It is too late in the session for action on this reform, but it would be useful if liberals in both houses next year pressed for such action. The natural supervisor in the Senate would be its subcommittee on constitutional rights.

## Healthy Sign on the Left

**The United Independent-Socialist party ticket in New York deserves praise for making a clean break with the Communist party and rejecting the latter's proposal that all candidates except Corliss Lamont for U.S. Senate withdraw as the price of CP support. Such support would in any case be a ruinous incubus. The Worker, the party's weekly organ, has sunk into the most deadly slavishness to Muscovite line, as was evident again (Aug. 17) in its criticism of John T. McManus, the U.I.S. candidate for Governor, because the National Guardian of which he is editor criticized the execution of Nagy and because—worst of sins—he is "cooperating with Trotzkyites."**

## Nightmare by Kennedy

Anyone inclined to take seriously the praise solemnly accorded by many of my more widely read colleagues to the foreign policy speech by Kennedy of Massachusetts in the Senate August 14 should read it for themselves in the Congressional Record. It is a piece of wicked hysterical drivel, echoing Lt. Gen. James M. Gavin's alarmist build-up in *Life* Magazine (Aug. 11) for higher armament spending. Kennedy said "Hysteria will not help" and then went on to picture the Russians as ready soon (if certain *ifs* occur) to "destroy 85 percent of our industry, 43 of our 50 largest cities [Kennedy doesn't say which 7 would escape or how] and most of the world's population" and thus able "to seize world power overnight." Just what they would do with such a world radioactive cemetery or how the Russians could themselves survive in it was not explained by Kennedy's nightmarish ghost-writers.

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